

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 09 2004

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

PUBLIC SERVICE
COMMISSION
Case 2004-00079

W & W Service Co.
Name of Utility

500 Palisades

Paducah, Ky 42001
Business Mailing Address

Telephone Number 270 1 554-3229
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Kenneth Wise

Address: 500 Palisades
Paducah, Ky 42001

Telephone Number: 270-554-3229

- 1) Do you have 500 customers or fewer? Yes No
- 2) Do you have \$300,000 in Gross Annual Revenue or less? Yes No
- 3) Has the Utility filed an annual report with this Commission for the past year and the two previous years? Yes No
- 4) Are the utility's records kept separate from any other commonly-owned enterprise? Yes No

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2003.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per Annual Report</u>	<u>Amount Per Annual Report</u>	<u>Increase (Decrease)</u>	<u>Adjusted Amount</u>
<u>Revenues:</u>	\$	\$	\$
<i>No increase or decrease in revenues.</i>			
Total Revenues ²⁰⁰³	\$ <u>30,824.76</u>	\$ _____	\$ _____

INCREASED EXPENSE

- The use of a suction truck during the summer months to remove concentrated duckweed. *\$ 1200*
- Power associated with pumping the effluent of duckweed concentrator back to the lagoon. *\$ 100.*
- Attorney fees associated with a settlement between EPA and W&W that makes both parties happy. *\$ 1000.*
- Operating permit fees. EPA denied the renewal of our operating permit in 1992 and did not return our money. We haven't applied since. *\$ 1600*
- We have an old clay tile system and the plant is 28 years old. We could have major expense at any time. We had a budget overrun of approximately \$9500.00 last year. Neither I nor any of the many neighborhood volunteers who helped at the plant have received or expect to receive any compensation. *est. 4000*

DECREASED EXPENSE

- The duckweed collector is installed *2 pumps - 300'-2" pipe pvc 7'x8'x20' steel tank.* *4500*
- Creek crossings washed out by heavy rains have been replaced. (2) *est. 200.*
- Homeowner contracted backhoe company to riprap his side of creek and our main line was destroyed in the process. We lost the resulting litigation. *2450*
- All manholes have been regouted along with the installation of 2 new caps and rings. *est 900*
- The plant has been completely rewired and the best amprobe type motor controls installed. *Parts 300*
Design and installation at no charge by neighbor who is supervisor of electrical maintenance at EEI. Steam generating plant. *Materials only. \$ 10,150.00*

Total Expenses	\$ <u>40,311.72</u>	\$ _____	\$ _____
Revenues Less Expenses	\$ <u>-9487.00</u>	\$ _____	\$ _____

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Increased 1. Suction Tank est. $300^{00} \times \frac{4}{3} \text{ Months} = 1200$

2 Power -	Pump size	10
3. Attn fees	Est	1,000
4 Permits	Booklet	1,600
		<u>4,000</u>

Decrease

1. Collector already installed	4,500
2. Repair crossings	200
3. Replace destroyed crossing	2,450
4. Manhole repair	900
5. Manhole parts	300
<u>10,150.00</u>	

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

Customer Class	Present Rates	Proposed Rates	Percent Increase
{ unlimited usage - all classes the same }	\$16.74	\$19.00	13% (9 years)
	Less than 2% / year 182 21 month <u>\$4150⁰⁰ yr.</u>		

III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

The company is out of money.
It has been subsidized by customers.
Major Expense may occur at any time.
As soon as a new operator is
trained, it resign

- 2) Total number of Customers
as of the date of filing:

153

- 3) Total amount of increased
revenue requested:

153 x 2.26 x 12 = \$4150.

- 4) Please circle Yes or No:

- a) Does the utility have any outstanding
indebtedness?

Yes No

If yes, attach a copy of any documents
such as promissory notes, bond
resolutions, mortgage agreements, etc.

- b) Were all revenues and expenses listed
in the Annual Report for ____ incurred
and collected from January 1 to
December 31 of that year?

Yes No

If no, list total revenues and total
expenses incurred prior to or
subsequent to this period and attach
invoices or other analysis which show
how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for _____ and the amount shown on this schedule. *No depreciation left? See Page 2 A Annual Report*
- 6) If utility is a sewer utility:
- Attach a copy of the latest State and Federal Income Tax Returns.
 - How much of the utility plant was recovered through the sale of lots or other contributions None \$ or %? (If unknown, state the reason).

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).
-

See pages 2-3-4

The system must have more cash resources in order to handle future operations. The Paducah-McCracken County sewer system (Metro System) had engineering studies of their system and all eight alternatives for extensions show a major collector to be constructed within 3-400 feet of our plant. This would have solved all our problems and a lot more of the county. As soon as the bond issue was passed and all their relatives on the payroll, they withdrew from the extensions for the "immediate future"..

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

*96-024 previous Application
in 1996*

b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

c. One Copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed *Kenneth C. White*
Officer of the Company

Title *Sec*

Date *6 Mar, 2004*

720
41A720

Revenue Cabinet

Kentucky Corporation Income
and License Tax Return
(S Corporations Use Form 720S)

2003
Taxable Year Ending
1 2 0 3

See separate instructions.

Taxable period beginning JAN 1, 2003, and ending DEC 31, 2003.

A Check applicable box(es).
Income Tax Return

Separate entity
 Consolidated
Must attach Form 722

Return not required

Enter code _____

License Tax Return

Return not required

Enter code 21

B Federal Identification Number 61-1076080

C Kentucky Account Number 055696

Name of Corporation or Affiliated Group (Place preaddressed label here; otherwise print or type.)

W & W SERVICE COMPANY

State and Date of Incorporation

KY 03/13/1977

Principal Business Activity in KY

UTILITY

Number and Street

500 PALISADES CIRCLE

CLIENTS COPY

City

PADUCAH

State

KY

ZIP Code

42001

Telephone Number

Kentucky Business Code No.

221300

D Name of Common Parent

Kentucky Account Number

Federal Business Code Number

221300

E Check if applicable: LLC Initial return Final return/dissolution Final return/withdrawal
 Short-period return (attach statement of explanation) Change of name/address No packet required for 2004

PART I - TAXABLE INCOME COMPUTATION

1. Federal taxable income (Form 1120, line 28; Form 1120A, line 24) <7,266>

ADDITIONS:

2. Interest income (state and local obligations) ...
3. State taxes based on net/gross income ...
4. Depreciation adjustment ...
5. Deductions attributable to nontaxable income ...
6. Other (attach schedule) ...
7. Total (add lines 1 through 6) <7,266>

SUBTRACTIONS:

8. Interest income (U.S. obligations) ...
9. Dividend income ...
10. Federal work opportunity credit ...
11. Depreciation adjustment ...
12. Other (attach schedule) ...
13. Net income (line 7 less lines 8 through 12) <7,266>
14. Taxable net income (attach Sch. A if applicable) <7,266>
15. Net operating loss deduction STMT 1
16. Taxable net income (after NOLD) <7,266>

PART II - INCOME TAX COMPUTATION

1. Income tax liability (see instructions) 0
2. Economic development tax credits
3. Unemployment tax credit
4. Recycling/composting equipment tax credit
5. Coal conversion tax credit
6. Enterprise zone tax credit
7. Kentucky investment fund tax credit
8. Coal incentive tax credit
9. Qualified research facility tax credit
10. GED incentive tax credit
11. Net income tax liability
12. Estimated payments
13. Extension payment
14. Prior year's credit
15. License tax overpayment (Part III, line 22)
16. Income tax due 0

17. Income tax overpayment

18. Credited to 2003 license tax

19. Credited to 2004

20. Amount to be refunded

PART III - LICENSE TAX COMPUTATION

1. Capital stock

2. Computation of surplus(attach schedules for a & b)

(a) Total assets

(b) Less debt

(c) Net assets

(d) Less capital stock

3. Surplus (line 2c minus 2d)

4. Advances by affiliated companies

5. Intercompany accounts

6. Borrowed moneys

7. Less moneys borrowed for inventory

8. Total capital (combine lines 1 and 3 through 7)

9. Apportionment fraction

(attach Sch. A if applicable)

10. Capital employed subject to tax

11. Tax before credit (line 10 multiplied by .0021)

12. License tax credit (maximum \$490)

13. License tax liability (minimum \$30)

14. Kentucky investment fund tax credit

15. KIRA tax credit (see instructions)

16. Coal incentive tax credit

17. Net license tax liability

18. Extension payment

19. Income tax overpayment (Part II, line 18)

20. License tax due

21. License tax overpayment

22. Credited to 2003 income tax

23. Credited to 2004

24. Amount to be refunded

Caution: An election to file a consolidated income tax return does not apply for license tax. See page 5 of instructions.

Exempt

Under

KRS 136.120

Mail return with payment to:
Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

TAX PAYMENT SUMMARY (Round to Nearest Dollar) Make check(s) payable to Kentucky State Treasurer or

check here if EFT payment.

353301
11-03-03

41A7200213

Income
License

Penalty
Interest

SCHEDULE Q - KENTUCKY CORPORATION QUESTIONNAIRE

IMPORTANT: Questions 4 - 10 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

1. Indicate whether: (a) completely new business;
 (b) successor to previously existing business which was organized as: (1) corporation; (2) partnership; (3) sole proprietorship; or (4) other _____

If successor to previously existing business, give name, address and federal I.D. number of the previous business organization.

2. List the following Kentucky account numbers. Enter N/A for any number not applicable.

Employer Withholding	_____
Sales and Use Tax Permit	_____
Consumer Use Tax	_____
Unemployment Insurance	_____
Coal Severance and/or Processing Tax	_____

3. If a foreign corporation, enter the date qualified to do business in Kentucky.

5. If the corporation has a KNOL for the taxable year and is electing to forego the net operating loss carryback period, check here .
6. Is the corporation a partner in a partnership doing business in Kentucky?
 Yes No
 If "Yes," list name and federal I.D. number of the partnership

7. Was this return prepared on: (a) cash basis, (b) accrual basis, (c) other _____
8. Is the corporation a public service corporation subject to taxation under KRS 136.120? Yes No
9. (a) Did the corporation file a Kentucky intangible property tax return for January 1, 2004? Yes No
 (b) Did the corporation file a Kentucky tangible personal property tax return for January 1, 2004? Yes No

10. Is the corporation currently under audit by the Internal Revenue Service?
 Yes No
 If "Yes," enter years under audit _____

If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this Cabinet, check here and file Form 720X, Amended Kentucky Corporation Income tax and Corporation License Tax Return, for each year adjusted and attach a copy of the final determination.

4. The corporation's books are in care of: (name and address)
COMPANY
SAME

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

Has the officer information entered below changed from the last return filed? Yes No

President's Name: _____	Treasurer's Name: _____
President's Home Address: _____	Treasurer's Home Address: _____
_____	_____
President's Social Security Number: _____	Treasurer's Social Security Number: _____
Vice President's Name: _____	Secretary's Name: _____
Vice President's Home Address: _____	Secretary's Home Address: _____
_____	_____
Vice President's Social Security Number: _____	Secretary's Social Security Number: _____

I, the undersigned, declare under the penalties of perjury, that I have examined these returns, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

353302/11-08-03

41A7200223

Kenneth C. Ware
Signature of principal officer or chief accounting officer

Date
01 04 2004

KY 720

NET OPERATING LOSS DEDUCTION

STATEMENT 1

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/88	4,802.	377.	4,425.
12/31/89	3,123.		3,123.
12/31/90	36.		36.
12/31/91	1,889.		1,889.
12/31/93	3,662.		3,662.
12/31/94	1,247.		1,247.
12/31/95	1,204.		1,204.
12/31/96	1,014.		1,014.
12/31/98	1,794.		1,794.
12/31/00	15.		15.
12/31/01	1,978.		1,978.

TOTAL TO FORM 720, PAGE 1

20,387.

U.S. Corporation Income Tax Return

For calendar year 2003 or tax year

OMB No. 1545-0123

2003

beginning _____, ending _____

A Check if a:

- 1 Consolidated return (attach Form 8571)
- 2 Personal holding co. (attach Sch. PH)
- 3 Personal service corp. (as defined in Regs. sec. 1.441-3(c))

Use IRS label. Otherwise, print or type.

Name
W & W SERVICE COMPANY
Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.)
500 PALISADES CIRCLE
City or town, state, and ZIP code
PADUCAH, KY 42001

B Employer identification number
61-1076080
C Date incorporated
03/13/1977
D Total assets (see page 8 of instructions)

E Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change

\$ **<32,279.>**

	1 a Gross receipts or sales	b Less returns and allowances	c Bal		1c
Income	2 Cost of goods sold (Schedule A, line 8)	30,825.			30,825.
	3 Gross profit. Subtract line 2 from line 1c				30,825.
	4 Dividends (Schedule C, line 19)				
	5 Interest				
	6 Gross rents				
	7 Gross royalties				
	8 Capital gain net income (attach Schedule D (Form 1120))				
	9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)				
	10 Other income (attach schedule)				
	11 Total income. Add lines 3 through 10				30,825.
	Deductions	12 Compensation of officers (Schedule E, line 4)			
13 Salaries and wages (less employment credits)					
14 Repairs and maintenance					7,169.
15 Bad debts					
16 Rents					
17 Taxes and licenses		SEE STATEMENT 1			448.
18 Interest					
19 Charitable contributions					
20 Depreciation (attach Form 4562)					
21 Less depreciation claimed on Schedule A and elsewhere on return					
22 Depletion					
23 Advertising					
24 Pension, profit-sharing, etc., plans					
25 Employee benefit programs					
26 Other deductions (attach schedule)		SEE STATEMENT 2			30,474.
27 Total deductions. Add lines 12 through 26					38,091.
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					<7,266.>
29 Less: a Net operating loss (NOL) deduction STATEMENT 3		29a			0.
	b Special deductions (Schedule C, line 20)	29b			
30 Taxable income. Subtract line 29c from line 28				<7,266.>	
Tax and Payments	31 Total tax (Schedule J, line 11)				0.
	32 Payments: a 2002 overpayment credited to 2003	32a			
		b 2003 estimated tax payments Less 2003 refund applied for	32b		
		c on Form 4466	32c		
	d Bal	32d			
	e Tax deposited with Form 7004	32e			
	f Credit for tax paid on undistributed capital gains (attach Form 2439)	32f			
	g Credit for Federal tax on fuels (attach Form 4136). See instructions	32g			
	32h				
	33 Estimated tax penalty (see page 14 of instructions). Check if Form 2220 is attached				
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed				0.	
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					
36 Enter amount of line 35 you want: Credited to 2004 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>					

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Kenneth C. Williams | 3 Feb 04
Signature of officer Date Title

May the IRS discuss this return with the preparer shown below?
 Yes No

Prepared by

Preparer's signature: **C. Supter-Cornel CPA** Date: **02/19/04** Check if self-employed: Preparer's SSN or PTIN: **401-88-0361**
Firm's name: **WILLIAMS, WILLIAMS & LENTZ, LLP** EIN: **61-0481842**

Schedule J Tax Computation (see page 17 of instructions)

1	Check if the corporation is a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/>		
Important: Members of a controlled group, see instructions on page 17.			
2a	If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):		
	(1) \$ _____ (2) \$ _____ (3) \$ _____		
b	Enter the corporation's share of:	(1) Additional 5% tax (not more than \$11,750) \$ _____	
		(2) Additional 3% tax (not more than \$100,000) \$ _____	
3	Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 17) <input type="checkbox"/>	3	0.
4	Alternative minimum tax (attach Form 4626) _____	4	
5	Add lines 3 and 4 _____	5	0.
6a	Foreign tax credit (attach Form 1118) _____	6a	
6b	Possessions tax credit (attach Form 5735) _____	6b	
6c	Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834) _____	6c	
6d	General business credit. Check box(es) and indicate which forms are attached. <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ _____	6d	
6e	Credit for prior year minimum tax (attach Form 8827) _____	6e	
6f	Qualified zone academy bond credit (attach Form 8860) _____	6f	
7	Total credits. Add lines 6a through 6f _____	7	
8	Subtract line 7 from line 5 _____	8	0.
9	Personal holding company tax (attach Schedule PH (Form 1120)) _____	9	
10	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule) _____	10	
11	Total tax. Add lines 8 through 10. Enter here and on line 31, page 1 _____	11	0.

Schedule K Other Information (see page 19 of instructions)

	Yes	No		Yes	No
1	Check method of accounting: a <input type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____				
2	See page 21 of the instructions and enter the:				
a	Business activity code no. ▶ <u>221300</u>				
b	Business activity ▶ <u>UTILITY</u>				
c	Product or service ▶ <u>SEWER SERVICE</u>				
3		<input checked="" type="checkbox"/>	7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? _____ If "Yes," enter: (a) Percentage owned ▶ _____ and (b) Owner's country ▶ _____	
			c	The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ _____	
4		<input checked="" type="checkbox"/>	8	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.	
5		<input checked="" type="checkbox"/>	9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____	
			10	Enter the number of shareholders at the end of the tax year (if 75 or fewer) ▶ _____	
6		<input checked="" type="checkbox"/>	11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3)(i) or (ii) must be attached or the election will not be valid.	
			12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ <u>1,601.</u>	
			13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? _____ If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____	

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		2,384.		1,889.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (att. sch.) STMT 4		<28,197.>		<34,968.>
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (att. sch.)				
10a	Buildings and other depreciable assets	26,932.		26,932.	
b	Less accumulated depreciation	(26,932.)		(26,932.)	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		800.		800.
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (att. sch.)				
15	Total assets		<25,013.>		<32,279.>
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (att. sch.)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (att. sch.)				
22	Capital stock: a Preferred stock				
b	Common stock	3,000.	3,000.	3,000.	3,000.
23	Additional paid-in capital				
24	Retained earnings - Appropriated (attach schedule)				
25	Retained earnings - Unappropriated		<28,013.>		<35,279.>
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock	()		()	
28	Total liabilities and shareholders' equity		<25,013.>		<32,279.>

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)					
1	Net income (loss) per books	<7,266.>	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$				
6	Add lines 1 through 5	<7,266.>	9	Add lines 7 and 8	
			10	Income (line 28, page 1) - line 6 less line 9	<7,266.>

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)					
1	Balance at beginning of year	<28,013.>	5	Distributions: a Cash	
2	Net income (loss) per books	<7,266.>		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
			7	Add lines 5 and 6	

FORM 1120 TAXES AND LICENSES STATEMENT 1

DESCRIPTION	AMOUNT
TAXES AND LICENSES	448.
TOTAL TO FORM 1120, LINE 17	448.

FORM 1120 OTHER DEDUCTIONS STATEMENT 2

DESCRIPTION	AMOUNT
LABOR	24,865.
PROFESSIONAL FEES	1,375.
LABORATORY FEES	1,056.
UTILITIES	2,212.
OFFICE EXPENSE	966.
TOTAL TO FORM 1120, LINE 26	30,474.

NET OPERATING LOSS DEDUCTION STATEMENT 3

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/01	1,978.	377.	1,601.
NOL CARRYOVER AVAILABLE THIS YEAR			1,601.

SCHEDULE L OTHER CURRENT ASSETS STATEMENT 4

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
DUE FROM (TO) AFFILIATE	<28,197.>	<34,968.>
TOTAL TO SCHEDULE L, LINE 6	<28,197.>	<34,968.>